

**STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION**

**APPLICATION OF CENTENNIAL
RESOURCE PRODUCTION, LLC FOR
COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO.**

CASE NO. _____

APPLICATION

Centennial Resource Production, LLC ("Applicant") (OGRID No. 372165), through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all uncommitted interests in the Bone Spring formation underlying a standard 630.28-acre, more or less, horizontal spacing unit comprised of the W/2 of Sections 6 and 7, Township 22 South, Range 34 East, NMPM, Lea County, New Mexico. In support of its application, Centennial states:

1. Applicant is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.
2. Applicant proposes to dedicate the above-referenced spacing unit to the following proposed initial wells, both of which will be horizontally drilled from a surface location in the SW/4 SW/4 (Lot 4) of Section 7 to a bottom hole location in the NW/4 NW/4 (Lot 4) of Section 6: (1) **Crunch Berry 7 Federal Com #601H Well**; (2) **Crunch Berry 7 Federal Com #602H Well**.
3. The completed interval for the proposed **Crunch Berry 7 Federal Com #602H** will be within 330' of the quarter-quarter line separating the E/2 W/2 and the W/2 W/2 of Sections 6 and 7 to allow inclusion of this acreage into a standard 630.28-acre horizontal well spacing unit.

4. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all interest owners in the subject spacing unit.

5. The pooling of interests will avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.


6. In order to permit Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this horizontal spacing unit should be pooled, and Applicant should be designated the operator of the proposed well and horizontal spacing unit.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on April 2, 2020, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the horizontal spacing unit and approving the initial wells thereon;
- B. Designating Applicant as operator of the horizontal spacing unit and the horizontal wells to be drilled thereon;
- C. Authorizing Applicant to recover its costs of drilling, equipping, and completing the wells;
- D. Approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- E. Imposing a 200% charge for the risk assumed by Applicant in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

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**ATTORNEYS FOR
CENTENNIAL RESOURCE PRODUCTION, LLC**

CASE _____:

Application of Centennial Resource Production, LLC for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interests in the Bone Spring formation underlying a standard 630.28-acre, more or less, horizontal spacing unit comprised of the W/2 of Sections 6 and 7, Township 22 South, Range 34 East, NMPM, Lea County, New Mexico. Said horizontal spacing unit is to the following proposed initial wells, both of which will be horizontally drilled from a surface location in the SW/4 SW/4 (Lot 4) of Section 7 to a bottom hole location in the NW/4 NW/4 (Lot 4) of Section 6: (1) **Crunch Berry 7 Federal Com #601H Well**; (2) **Crunch Berry 7 Federal Com #602H Well**. The completed interval for the proposed **Crunch Berry 7 Federal Com #602H** will be within 330' of the quarter-quarter line separating the E/2 W/2 and the W/2 W/2 of Sections 6 and 7 to allow inclusion of this acreage into a standard 630.28-acre horizontal well spacing unit. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of applicant as operator of the well and the proposed horizontal spacing unit, and a 200% charge for risk involved in drilling said well. Said area is located approximately 16 miles southwest of Oil Center, New Mexico.